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S E C R E T PRAGUE 000162

SIPDIS

STATE FOR NP/CBM, EUR/NCE, EUR/PRA

E.O. 12958: DECL: 02/04/2015

TAGS: PARM PREL ETTC EZ IR MTCRE

SUBJECT: (S) MTAG-05-96: CZECH REPUBLIC BASED STROJIMPORT'S

ASSISTANCE TO IRAN'S MISSILE PROGRAM: GOOR RESPONSE

REF: A. SECSTATE 10746

1B. PRAGUE 109

Classified By: Deputy Political Counselor Mark Canning for reasons 1.4
B, D, and H

11. (S) Two weeks after receiving a demarche (Reftels) about the possible sales of computer numerically controlled lathes from the Czech firm Strojimport to firms in Iran, the MFA has delivered its response. Jan Kara, Director of the UN Department, and Otakar Gorgol, who handles MTCR issues, said they appreciated the information in the demarche and took the possibility of American sanctions very seriously.

12. (S) Kara said the Czech intel service, BIS, could not confirm the information in the demarche. Therefore Vlastimil Krepela, the Director of the Office of Special Materials in the Licensing Department at the Ministry of Industry and Trade, met directly with officials at Strojimport. The officials confirmed that one Tos Varnsdorf machine, model WHN13CNC, was sent to Teheran in the fall of 2003, as reported Reftel B. That machine was the subject of a contract between Strojimport and Mizan Machine Manufacturing, as stated Reftel A. The Iranian firm has paid 90% of the contract, but has not yet taken possession of the machine. The machine, which was damaged in shipment to Iran, is, according to Kara and Gorgol, not operational and remains in a customs warehouse in Teheran. The MFA officials were not able to say how this dispute might be resolved.

13. (S) As to the discussions to sell additional machines to Mizan or other Iranian firms, Strojimport has agreed to end such negotiations. Strojimport committed itself, in a letter to Krepela, to ending all current discussions on further sales to Iran.

14. (S) In addition, Principal Deputy Foreign Minister Jan Winkler has instructed Krepela to assemble all Czech firms that might export sensitive technology to Iran and make them understand that sales to Iran are politically sensitive, and encourage them to consult with authorities before pursuing such sales. Krepela plans to do this in the near future.

15. (S) The MFA officials pointed out that Strojimport has never exported any listed items to Iran. They say that since the firm had no requirement to contact the MFA before exporting the Tos Varnsdorf machine, which is a dual-use item, in the fall of 2003, MFA official only became aware of the transaction when they were demarshaled, approximately 9 months later. The MFA officials asked, more than once, that U.S. intelligence be shared on a more timely basis to allow them to prevent transactions that they also find objectionable.

CABANISS